

# Real Estate Sale and Request for Proposal Process for Development Property Owned by the City of Milwaukee and for Property Owned by the Redevelopment Authority of the City of Milwaukee

## Background

The City of Milwaukee (City) sells City-owned real estate in accordance with Milwaukee Code of Ordinances (MCO) Section 304-49. The Redevelopment Authority (RACM) sells RACM-owned real estate in accordance with Wis. Stat. 66.1333.

Under MCO 308-1, the Department of City Development (DCD) provides real estate service, manages property and attends to operation of tax-foreclosed parcels until sold. DCD staff also serves RACM.

This document provides explanation about City sales of City-owned "development property" under MCO 304-49 and about RACM sales of RACM-owned property under Wis. Stat. 66.1333.

City-owned "development property" is defined in MCO 304-49-1-c. "Development property" is an improved residential lot with 5 or more housing units, a vacant residential lot suitable for 3 or more housing units, an improved commercial lot, or a vacant commercial lot suitable for commercial development. DCD follows MCO 304-49 regarding sales of "development property." Per MCO 304-49-5, Common Council approval is needed regarding the sale of "development property."

Per Wis. Stat. 66.1333 (9), RACM conveyances require RACM Board and City Common Council approval. RACM generally uses an RFP process (public bidding) to sell RACM-owned property (66.1333 (9)(b)) but sales of RACM property may be done without public bidding (RFP) so long as RACM first holds a public hearing predicated upon the proposed sale and provisions of the sale (66.1333 (9)(b)). In any event, as indicated, Common Council approval is required (66.1333 (9)(a)1.d.) along with RACM approval for RACM sales of RACM property.

For sales of City-owned "development property," DCD may use an RFP process. Reasons for using that process may include:

- 1) The real estate office has received multiple inquiries about the property.
- 2) The property is in a critical location.
- 3) The property has significant monetary or nonmonetary value.

If not sold through an RFP process, City-owned "development property" is listed for sale on the City's real estate web site ([city.milwaukee.gov/CRE](http://city.milwaukee.gov/CRE)), through the Multiple Listing Service, and through the City's e-notify system.

Per MCO 304-49-5 and 304-49-8, DCD may also convey property to a designated person or entity without an RFP process, by acceptance of an unsolicited offer.

However, no matter the sales method used (whether RFP, City listing through City website, MLS and e-notify, or by unsolicited offer), the sale of all City-owned "development property" must be approved by

the Common Council. MCO 304-49-5 and 304-49-8. For “development property” in Bronzeville, the RFP or listing page is also shared with the Bronzeville Advisory Committee.

#### **Step-by-step process for City website, MLS, e-notify sales**

When the City sells City-owned “development property” through the listing method (City website, MLS, e-notify), DCD real estate staff proceeds as follows:

- a. Publish the new listing page through E-notify, a City-run email and text notification system. Currently, more than 6,000 individuals and companies subscribe to receive information about two categories: Commercial Properties for Sale, and Development Opportunities and Requests for Proposal. Individually, each category has approximately 3,000 subscribers.
- b. Posting on the DCD web site: <http://city.milwaukee.gov/DCD>.
- c. Listing of the property on the Multiple Listing Service.
- d. Notification of the appropriate Business Improvement District (where applicable).
- e. Article about the listing page on the City’s monthly real estate e-newsletter.
- f. Promote the effort on DCD and City social media platforms.
- g. Copy of the listing page supplied to the local Common Council member.

#### **Step-by-step process for RFP sales**

When the City sells City-owned “development property” through an RFP process, DCD real estate staff proceeds as follows:

- 1) Request for Proposal document is developed by the DCD project manager. This document includes information about the property, preferred uses, prohibited uses, listing price, and deadline by which prospective buyers must respond. Frequently, DCD staff reviews the text of the RFP with the local Common Council member prior to publication.
- 2) Notice of the RFP is published through various methods. These include:
  - a. Publish the new RFP through E-notify, a City-run email and text notification system. Currently, more than 6,000 individuals and companies subscribe to receive information about two categories: Commercial Properties for Sale, and Development Opportunities and Requests for Proposal. Individually, each category has approximately 3,000 subscribers.
  - b. Posting on the DCD RFP web site: <http://city.milwaukee.gov/DCD/RFPs>.
  - c. Listing of the property on the Multiple Listing Service.
  - d. Notification of the appropriate Business Improvement District (where applicable).
  - e. Article about the RFP on the City’s monthly real estate e-newsletter.
  - f. Promote the effort on DCD and City social media platforms.
  - g. Copy of the RFP supplied to the local Common Council member.
- 3) Respondents prepare proposals, including completion of DCD’s “Proposal Summary and Public Disclosure Statement” document.
- 4) Respondents are advised that any questions regarding the RFP must be submitted in writing by a specified deadline. All questions and responses are posted on the DCD RFP web site. Those

questions and responses become addenda to the RFP. Respondents are responsible for keeping abreast of any addenda, and are bound by them.

- 5) Respondents must submit their proposals to DCD by the specified deadline as instructed by the RFP.
- 6) Proposals may be withdrawn at any time upon written request to DCD (so long as requested prior to Council approval and City acceptance).
- 7) Proposals received after the deadline date/time are rejected.
- 8) Timely received proposals are evaluated against the factors included in the RFP.
- 9) Any respondent must also satisfy "general buyer policy" screening under MCO 304-49-9. Per 304-49-9, "...unless otherwise authorized by a vote of the common council, the city shall not convey development property . . . without first obtaining such grantee's warranty that neither the grantee nor any principal of the grantee is:
  - a. Delinquent in the payment of any property tax, special assessment, special charge or special tax to the city.
  - b. A party against whom the city has an outstanding judgment.
  - c. A party against whom the city has outstanding health or building code violations or orders from the city's health department or department of neighborhood services that are not actively being abated.
  - d. A party who has been convicted of violating an order of the health department or department of neighborhood services within the past year.
  - e. A party who owned property in the city that, at any time within the past 5 years, the city acquired by means of property-tax foreclosure.
  - f. A party who has been convicted of a felony determined by the commissioner [of city development] to reasonably cause neighborhood or community concern with respect to neighborhood stability, health, safety or welfare. In making this determination, the commissioner may consider factors such as the nature of the crime, the date of conviction and the existence and nature of community impact and complaints."
- 10) If necessary, the project manager sets up interviews with the highest-ranking qualified respondents to gain further information about the respondent's plan for the "development property."
- 11) DCD may reject all proposals if none is satisfactory.
- 12) Once a recommendation has been reached, the project manager may meet or consult with the local Common Council member to share DCD recommendations and receive feedback
- 13) A resolution is introduced to sell the "development property" to the successful respondent. The successful respondent is notified. Unsuccessful respondents are also notified that their proposals were not selected.

- 14) The sale resolution is the subject of a public hearing at a meeting of the Council's Zoning, Neighborhoods and Development (ZND) Committee. Following ZND action, the resolution is voted upon by the full Common Council. Per MCO 304-49-5-b, DCD provides ZND and the Council with a "due diligence checklist" regarding the proposed sale, including:
  - The commissioner's assessment of the market value of the property.
  - Full description of the development project.
  - Complete site, operations and landscaping plans, and architect renderings for new construction or redevelopment.
  - Developer's development project history.
  - Capital structure of the project, including sources, terms and rights for all project funding.
  - Projected cash flows for the lease term for leased property.
  - List and description of project risk factors.
  - Tax consequences of the project for the city.
- 15) Typically, at or before the time the sale resolution is pending before the Common Council, DCD staff and the buyer agree on terms of a proposed purchase and sale agreement.
- 16) Following approval and adoption of the sale resolution by the Common Council, the City and buyer enter into the purchase and sale agreement, and real estate staff works with the buyer regarding requirements to be met in that agreement (e.g. design approval, approval of buyer financing, etc.).
- 17) When all contingencies and conditions in the purchase and sale agreement have been satisfied, sale of the property is closed and the property is deeded to the buyer.

The RFP process and approval process for RACM sales of RACM property is similar to the above, except that, as indicated, RACM Board and City Common Council approval are required. Also, per Wis. Stat. 66.1333 (9)(a)1.d., DCD staff submits a "land disposition report" to each of the RACM Board and the Common Council for their respective approval describing the terms, conditions and other material provisions of the transaction. Wis. Stat. 66.1333 (9)(d) also requires a prohibition on the buyer's subsequent conveyance without RACM consent unless RACM has issued a "certificate of completion" regarding buyer building construction and other physical improvements.

CAO DOC NO 235888 date 1-11-2017